

## Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 251605Z JUL 74

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC IMMEDIATE 1079

C O N F I D E N T I A L DAMASCUS 1490

EXDIS

E.O. 11652: GDS

TAGS: ECON, SY

SUBJECT: OUTSTANDING USG CLAIMS

REF: STATE 159053

1. DURING JULY 24 CALL ON MINISTER OF ECONOMY AND FOREIGN TRADE, MOHAMAD IMADI, TO DISCUSS THE DAMASCUS FAIR, I ALSO MENTIONED IN PASSING THAT I HAD JUST RECEIVED A CABLE FROM THE DEPARTMENT PROVIDING ME WITH GUIDANCE ON THE SUBJECT OF USG CLAIMS AGAINST SYRIA. WHILE NOT GOING INTO DETAILS OF THE CABLE, I ASKED FOR ANOTHER MEETING NEXT WEEK IN ORDER TO DISCUSS THE MATTER AT LENGHT.

2. IMADI REPLIED THAT HE TOO HAS OVER THE LAST SEVERAL WEEKS BEEN EXPLORING "UNOFFICIALLY AND INFORMALLY" WITHIN THE SYRIAN GOVERNMENT BUREAUCRACY TO ASCERTAIN (A) WHAT THE EXTENT OF THESE DEBTS ARE ACCORDING TO SYRIAN RECORDS AND (B) WHAT THE CURRENT SYRIAN POSITON IS. AS OF NOW THE CONCERNED OFFICES HAVE STILL NOT PROVIDED HIM WITH SPECIFICS ON THE DEBTS. IMADI ADDED, HOWEVER, THAT HE HAS SPOKEN WITH BOTH THE MINISTER OF FINANCE AS WELL AS THE PRIME MINISTER AGAIN IN A LOW KEY WAY AND FOUND BOTH MEN QUITE NEGATIVE. IMADI SAID THAT THE MINISTER OF FINANCE WONDERED WHY THE AMERICANS "ARE INSISTING THAT WE SHOULD DISCUSS DEBTS WITH THEM FIRST WHILE WITH THE EGYPTIANS THEY ARE PREPARED TO DISCUSS

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GIVING AID BEFORE GOING ON TO ANYTHING ELSE."

IMADI TOLD ME HE TRIED TO EXPLAIN TO THE FINANCE MINISTER THAT THE USG ALWAYS TRIES TO "CLEAN THE SLATE" AT THE OUTSET IN ORDER TO MAKE POSSIBLE NEW RELATIONSHIPS. BUT THIS DID NOT SEEM TO MAKE MUCH IMPRESSION ON THE FINANCE MINISTER.

3. I POINTED OUT TO IMADI THAT IN THE CASE OF EGYPT WHILE WE HAD ALLOCATED FUNDS FOR VARIOUS AID PROJECTS AT AN EARLY STAGE, WE HAVE NONETHLESS RECENTLY SET UP A COMMITTEE TO DISCUSS THE ENTIRE QUESTION OF OUTSTANDING DEBTS BETWEEN THE US AND EGYPT. IMADI SAID HE REALIZES THIS BUT AT THE SAME TIME WONDERED IF IT MIGHT NOT BE BETTER THAT THE QUESTION OF DEBTS BE DISCUSSED EITHER DURING OR AFTER THE VISIT IN MID-AUGUST OF THE SYRIAN ECONOMIC DELEGATION TO THE US BUT CERTAINLY WITHIN THE OVERALL CONTEXT OF US-SYRIAN ECONOMIC COOPERATION.

4. I TOLD IMADI THAT I WOULD REPORT THIS SUGGESTION BACK TO THE DEPARTMENT BUT IN THE MEANTIME WOULD PROVIDE HIM ON A STRICTLY INFORMAL BASIS WITH THE DETAILS AS TO WHAT WE BELIEVE IS OUTSTANDING SO THAT HE IN TURN COULD COMPARE IT WITH INFORMATION HE WILL EVENTUALLY OBTAIN FROM HIS OWN SOURCES. HE AGREED THIS WOULD BE HELPFUL AND SUGGESTED THAT I TELEPHONE AGAIN NEXT WEEK TO SET UP A MEETING.

5. COMMENT: I HAVE HEARD FROM OTHERS THAT FINANCE MINISTER NOURALLAH IS A HARD-NOSED CHARACTER WHO IS GOING TO BE DIFFICULT TO DEAL WITH. IN ANY EVENT I AGREE WITH IMADI THAT IT WOULD BE BETTER FOR THE MATTER OF US-SYRIAN DEBTS TO BE DISCUSSED IN A BROADER CONTEXT BUT LEAVE IT TO THE DEPARTMENT TO DECIDE WHETHER THIS SHOULD BE DONE DURING THE MEETING IN WASHINGTON OR PERHAPS AS A FOLLOW-UP HERE IN DAMSCUS. MY INSTINCT IS THAT IT MIGHT BE BETTER TO DO IT IN WASHINGTON IF AT THAT TIME WE ARE IN A POSITION TO DEMONSTRATE TO THE SYRIANS OUR READINESS TO COOPERATE WITH THEM IN OTHER AREAS.  
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## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
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**Previous Handling Restrictions:** EXDIS  
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**Review Authority:** kelleyw0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 AUG 2002 by elyme>; APPROVED <24 FEB 2003 by kelleyw0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**TAGS:** ECON, SY, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005